



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

APPEAL BRIEF FOR THE APPELLANTS

Ex parte CICHANOWICZ

AUTOMATED METHOD FOR CONDUCTING BUY/SELL TRANSACTIONS FOR NON-COMMODITY MATERIALS OR DEVICES

Serial Number: 09/839,245
Filed: April 23, 2001
Appeal No.:
Group Art Unit: 3627
Examiner: E. Gort

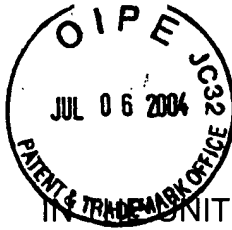
Submitted herewith are three (3) copies of an Appeal Brief. A check in the amount of One Hundred and Sixty-five Dollars (\$165.00) is enclosed to cover the official fees for the Appeal Brief. Please charge any fee deficiencies required with respect to this paper, or overpayment to our Deposit Account No. 01-2300, **referencing docket number 023407-00000**.

Respectfully submitted,

Robert K. Carpenter
Attorney for Appellants
Registration No. 34,794

Enclosure: Check No.

Customer No. 004372
ARENT FOX KINTNER PLOTKIN & KAHN, PLLC
1050 Connecticut Avenue, N.W., Suite 400
Washington, D.C. 20036-5339
Tel: (202) 857-6000
Fax: (202) 638-4810
Date: July 6, 2004



UNITED STATES PATENT AND TRADEMARK OFFICE
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In re the application of:

CICHANOWICZ

Art Unit: 3627

Application No.: 09/839,245

Examiner: E. Gort

Filed: April 23, 2001

Attorney Dkt. No.: 023407-00000

For: AUTOMATED METHOD FOR CONDUCTING BUY/SELL TRANSACTIONS FOR
NON-COMMODITY MATERIALS OR DEVICES

BRIEF ON APPEAL

Date: July 6, 2004

I. INTRODUCTION

This is an appeal from the action of the Examiner dated December 5, 2003, finally rejecting claims 1-8 and 13-20, all of the claims pending in this application, as being indefinite under 35 U.S.C. 112, second paragraph, and as being unpatentable over certain prior art under 35 U.S.C. 103. A Notice of Appeal was timely filed on April 5, 2004 with a Petition for Extension of Time. This Brief is being timely filed with a Petition for Extension of Time.

II. REAL PARTY IN INTEREST

The real party in interest in present application on appeal is J. Edward Cichanowicz.

III. RELATED APPEALS AND INTERFERENCES

There are no related appeals or interferences known to the Appellant, Appellant's representative or the assignee which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

IV. STATUS OF CLAIMS

Claims 1-8 and 13-29, all of the claims pending in the present application are being appealed. Claims 9-12 have been withdrawn as being directed to a non-elected invention.

V. STATUS OF AMENDMENTS

A Request for Reconsideration was timely filed on June 7, 2004. The Request for Reconsideration did not include any amendments therein.

VI. SUMMARY OF THE INVENTION

The presently claimed invention is directed to a method by which a non-commodity material or item can be bought and sold over a computer network. As noted on page 1 of the present specification, non-commodity materials or items are "materials or items that cannot be solely distinguished by price alone, in that subtle differences in features or chemical/physical characteristics will influence the performance of a particular process or design that utilizes the material or item" (see page 1, lines 7-11 of the present specification). Examples of non-commodity materials or items include coal, paper pulp, crude oil, etc.

VII. THE FINAL REJECTIONS

Claims 1-8 and 13-20 are pending in this application. No claim stands allowed.

Claims 1-8 stand rejected under 35 U.S.C. 112, second paragraph, as being indefinite for containing asserted informalities. Claims 1-8 and 13-20 stand rejected under 35 U.S.C. 103(a) as being obvious over Katz et al. (U.S. Patent No. 5,224,034) in view of Vandivier, III (U.S. Patent No. 5,033,004).

VIII. ISSUES ON APPEAL

The first issue on appeal is whether claims 1-8 and 13-20 would have been obvious over Katz et al. (U.S. Patent No. 5,224,034) in view of Vandivier, III (U.S. Patent No. 5,033,004).

The second issue on appeal is whether rejection under 35 U.S.C. 112, second paragraph, as being indefinite was overcome by the Amendment made in Appellant's October 16, 2003, Amendment.

IX. GROUPING OF CLAIMS

Each claim of this patent application is separately patentable, and upon issuance of a patent will be entitled to a separate presumption of validity under 35 U.S.C. 282. For convenience in handling of this appeal, claims 1-8 and 13-20 stand together.

X. APPELLANT'S ARGUMENTS

Legal Overview

Several basic factual inquiries must be made to determine obviousness or non-obviousness of patent application claims under 35 U.S.C. § 103. These factual

inquiries are set forth in Graham v. John Deere Co., 383 U.S. 1, 17, 148 U.S.P.Q. 459, 467 (1996):

Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; the level of ordinary skill in the pertinent art resolved. Against this backdrop, the obviousness or non-obviousness of the subject matter is determined.

The specific factual inquiries set forth in *Graham* have not been considered or properly applied by the Examiner formulating the rejections of the claims. Particularly the differences between the prior art and the claims were not properly determined. As stated by the Federal Circuit in In re Ochiai, 37 U.S.P.Q. 2d 1127, 1131 (Fed. Cir. 1995):

[t]he test of obviousness *vel non* is statutory. It requires that one compare the claim's subject matter as a whole with a prior art to which the subject matter pertains. 35 U.S.C. § 103.

The inquiry is highly fact-specific by design.... When the references cited by the Examiner fail to establish a *prima facie* case of obviousness, the rejection is improper and will be overturned. In re Fine, 837 F.2d 1071, 1074, 5 U.S.P.Q. 2d 1596, 1598 (Fed. Cir. 1988). (Emphasis added.)

When rejecting claims under 35 U.S.C. § 103, an Examiner bears an initial burden of presenting a *prima facie* case of obviousness. A *prima facie* case of obviousness is established only if the teachings of the prior art would have suggested the claimed subject matter to a person of ordinary skill in the art. If an Examiner fails to establish a *prima facie* case, the rejection is improper and will be overturned. See: In re Rijckaert, 9 F.3d 1531, 28 U.S.P.Q. 2d. 1955 (Fed. Cir. 1993). "If examination.... does

not produce a prima facie case of unpatentability, then without more the applicant is entitled to the grant of the patent.” In re Oetiker, 977 F.2d 1443, 1445 - 1446 24 U.S.P.Q. 2d. 1443, 1444 (Fed. Cir. 1992).

Appellants respectfully submit that the Examiner has not made a proper *prima facie* rejection under 35 U.S.C. § 103(a), because the combination of prior art references cited fails to teach or suggest the present invention and because it would not have been obvious to combine the cited references.

The December 5, 2003, Office Action rejected claims 1-8 and 13-20 under 35 U.S.C. 103(a) as being obvious over Katz et al. (U.S. Patent No. 5,224,034) in view of Vandivier, III (U.S. Patent No. 5,033,004).

However, Appellant submits that the Examiner has not established a prima facie case of obviousness. In particular, as noted in Section 2143.03 of the U.S. Patent and Trademark Manual of Patent Examining Procedure, “[t]o establish prima facie obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art”.

As discussed above, the presently claimed invention (claims 1-8) is directed to a method by which a non-commodity material or item can be bought and sold over a computer network. The presently claimed invention is directed to a method by which a non-commodity material or item can be bought and sold over a computer network. As noted on page 1 of the present specification, non-commodity materials or items are “materials or items that cannot be solely distinguished by price alone, in that subtle differences in features or chemical/physical characteristics will influence the performance of a particular process or design that utilizes the material or item” (see page 1, lines 7-11

of the present specification). As an example, in the case of power production, the purchase of the least cost coal would not necessarily lead to the least cost power production, due to the role of various operating characteristics of the power plant that are quantified in the performance model. Examples of non-commodity materials or items in addition to coal, are paper pulp, crude oil, etc.

The present claims 1-8 require, *inter alia*:

a) that “**a plurality of sellers** each [provide] to the network physical and chemical and/or electrical characteristics via at least one computer of a quantity of the non-commodity available for sale and a cost of the available non-commodity...” (claim 1, emphasis added).

In Katz, a plurality of sellers do not provide such information via computer to the network. Additionally, in Katz, a quantity available of a non-commodity is never provided to a network. Instead, in Katz, only “the purchaser [enters and stores] information relating to the product price and discount information provided by the vendors of the products” (see Katz column 3, lines 2-5).

As is the case for Katz, in Vandivier III, a plurality of sellers do not provide such information via computer to the network. Instead, in Vandivier III, a single enters information (see items 900-904 in Fig. 2A).

Thus, as neither Vandivier III nor Katz et al. disclose that a plurality of sellers do not provide such information via computer to the network, as required by the present claims, Appellant respectfully submits that the present claims would not have been obvious over the combination of Vandivier III and Katz et al. for at least this reason.

b) a step of “estimating the cost of operating the process or producing goods from the process for at least some of the different non-commodities from the database of different non-commodities in the performance model to make a comparison of the at least some of the different non-commodities to determine which, if any, of the at least some of the different non-commodities are within the maximum process cost”

In Katz et al., no desired maximum process cost is ever considered. Katz et al. only determine a single optimal solution “without calculating the actual cost of non-optimal solutions” (Katz et al. column 2, lines 63-64). Thus, Katz et al. never determines “which, if any, ...non-commodities are within the maximum process cost,” as is required by the present claims.

In Vandivier III, as is the case for Katz et al., no maximum process cost is ever considered. Vandivier III only relates to the production of “optimized blended batches of coal” (see line 1 of the Abstract).

Thus, as neither Vandivier III nor Katz et al. “make a comparison of the at least some of the different non-commodities to determine which, if any, of the at least some of the different non-commodities are within the maximum process cost”, as required by the present claims, Appellant respectfully submits that the present claims would not have been obvious over the combination of Vandivier III and Katz et al. for at least this additional reason.

c) “providing the buyer with a list of non-commodities that when used as input for the process are within the desired maximum process production or operating cost, or provide certain operating characteristics”

As discussed on page 26 of the present specification, a unique and desirable aspect of the presently claimed invention is the ability to present to the non-commodities buyer a cost versus risk tradeoff, thus distilling the non-commodities purchase decision to the same criteria used in any investment that involves a future and uncertain payoff. For example, in the example on page 26 of the specification, the least production cost is associated with the highest technical risk, and the highest production cost associated with the least technical risk. The value of the present invention is to present to the non-commodities buyer a comparison of the production cost versus risk tradeoff that he or she confronts in the marketplace, not just the price of the non-commodities.

In Katz et al., as discussed above, no desired maximum process cost is ever considered. Katz et al. only determine a single optimal solution “without calculating the actual cost of non-optimal solutions” (Katz et al. column 2, lines 63-64). Thus, Katz et al. never determines which, if any, ...non-commodities are within the maximum process cost, and thus could never list those non-commodities that are within the maximum process cost, as is required by the present claims.

In Vandivier III, as is the case for Katz et al., no maximum process cost is ever considered. Vandivier III only relates to the production of “optimized blended batches of coal” (see line 1 of the Abstract).

Thus, as neither Vandivier III nor Katz et al. “make a comparison of the at least some of the different non-commodities to determine which, if any, of the at least some of the different non-commodities are within the maximum process cost”, as required by the present claims, the present claims would not have been obvious over the combination of Vandivier III and Katz et al. for at least this additional reason.

d) a step of “utilizing a database and standard datamining techniques to record performance of the process with a selected non-commodity item, and applying this information in the formulation of a request-for-proposal for future purchases of non-commodity materials or items”

In both Katz et al. and Vandivier III, no step of applying information in the formulation of a request-for-proposal for future purchases of non-commodity materials or items is ever considered. Thus, as this required element of the present claims is missing, the present claims would not have been obvious over the combination of Vandivier III and Katz et al. for at least this additional reason.

d) Similarly regarding claims 13-20, a step of “the buyer ...providing a desired maximum power generation cost” (see claim 13) is required.

In Katz et al., no maximum cost is ever considered. Katz et al. only determine a single optimal solution “without calculating the actual cost of non-optimal solutions” (Katz et al. column 2, lines 63-64). Thus, Katz et al. never determines “which, if any, ...non-commodities are within the maximum process cost,” as is required by the present claims.

In Vandivier III, as is the case for Katz et al., no maximum coal cost, let alone maximum power generation cost, is ever considered. Vandivier III only relates to the production of “optimized blended batches of coal” (see line 1 of the Abstract)

Thus, as neither Vandivier III nor Katz et al. teach or suggest a step of a buyer “providing a desired maximum power generation cost”, as required by the present claims 13-20, the present claims would not have been obvious over the combination of Vandivier III and Katz et al. for at least this additional reason.

The performance simulation model required in the method of the present claims addresses such factors to determine a list of coals (or other non-commodities) that meet the buyers needs, not just the single “optimal” commodities that would be achieved by combining the teachings of Katz et al. and Vanivier, III.

Additionally, the Office Action asserts that Katz et al. discloses an “automated method for conducting buy and sell transactions over a network for a non-commodity material or item that can have differing characteristics...”

However, Appellant can locate no teaching or suggestion in Katz et al. regarding non-commodity materials or items. Katz et al. do disclose an automated system for minimizing the procurement costs for items that can be solely **distinguished by price alone**. In the overview of their process, Katz et al. provide an example where there “are three products of interest designated P1, P2, and P3, respectively...The products are offered by three different vendors, designated V1, V2, and V3. Each vendor sells each product on a commitment and as-ordered basis” (see Katz et al. column 3, lines 47-62).

The Katz et al. products do not vary in chemical/physical characteristics that influence the performance of a particular process or design that utilizes the material or item and **the products are compared by price alone by Katz et al.**

Thus, for at least the above reasons, Katz et al. is non-analogous to the presently claimed invention.

For all of the above noted reasons, it is strongly contended that certain clear differences exist between the present invention as claimed in claims 1-8 and 13-20 and the prior art relied upon by the Examiner. It is further contended that these differences

are more than sufficient that the present invention would not have been obvious to a person having ordinary skill in the art at the time the invention was made.

The December 5, 2003, Office Action rejected claims 1-8 under 35 U.S.C. 112, second paragraph, for containing asserted informalities. The Office Action asserted that claim 1 recites the limitation "the selected non-commodity item." However, Appellant amended claim 1 in his October 16, 2003, Amendment such that the terminology "a selected non-commodity item" is used. Thus, Appellant respectfully submits that this rejection is (and already has been) rendered moot since the assertedly objectionable language is not included in the claim.

This final rejection being in error, therefore, it is respectfully requested that this honorable Board of Patent Appeals and Interferences reverse the Examiner's decision in this case and indicate the allowability of application claims 1-8 and 13-20.

In the event that this paper is not being timely filed, the Appellants respectfully petition for an appropriate extension of time. Any fees for such an extension together with any additional fees which may be due with respect to this paper may be charged to our Deposit Account No. 01-2300.

Respectfully submitted,

A handwritten signature in black ink, reading "Robert K. Carpenter", with a long horizontal flourish extending to the right.

Robert K. Carpenter
Attorney for Appellants
Registration No. 34,794

Customer No. 004372
ARENT FOX KINTNER PLOTKIN & KAHN, PLLC
1050 Connecticut Avenue, N.W.,
Suite 400

Washington, D.C. 20036-5339

Tel: (202) 857-6000

Fax: (202) 638-4810

APPENDIX

CLAIMS ON APPEAL

1. (Previously Presented) An automated method for conducting buy and sell transactions over a network for a non-commodity material or item that can have differing chemical and physical and/or electrical characteristics, comprising:

a plurality of sellers each providing to the network physical and chemical and/or electrical characteristics via at least one computer of a quantity of the non-commodity available for sale and a cost of the available non-commodity, creating a database of the non-commodity including the different physical and chemical characteristics for each non-commodity available;

a buyer providing to the network a performance simulation model of a chemical, mechanical, or electrical process with equipment currently in operation or intended to be in operation and with a desired amount of the non-commodity for use in the process, the performance simulation model being able to estimate the production cost and operating characteristics of the process based on chemical and physical and /or electrical characteristics of a non-commodity material or item used in the process;

the buyer also providing a desired maximum cost of operating the process, or maximum production cost of material or goods resulting from the process, or

desired operating characteristics of the process that are dependent upon the non-commodity material or item; and

estimating the cost of operating the process or producing goods from the process for at least some of the different non-commodities from the database of different non-commodities in the performance model to make a comparison of the at least some of the different non-commodities to determine which, if any, of the at least some of the different non-commodities are within the maximum process cost;

providing the buyer with a list of non-commodities that when used as input for the process are within the desired maximum process production or operating cost, or provide certain operating characteristics;

utilizing a database and standard datamining techniques to record performance of the process with a selected non-commodity item, and applying this information in the formulation of a request-for-proposal for future purchases of non-commodity materials or items.

2. (Original) The automated method of claim 1 further comprising providing the buyer with a list of non-commodities that provide for the lowest process production or operating cost, or achieving certain operating characteristics.

3. (Original) The automated method of claim 1 further comprising determining if blends of different non-commodities from different sellers achieve a lower process production or operating cost than each of the different non-

commodities alone, or achieving certain desired operating characteristics, and if so, providing the buyer or at least some of the sellers with a list of which blends of non-commodities that achieve the lower process production or operating cost or provide the desired operating characteristics.

4. (Original) The automated method of claim 1 wherein the plurality of sellers provide to the network a current location of each non-commodity and the buyer provides to the network a location of the equipment and wherein the estimation of process production or operating cost utilizing each non-commodity includes an estimated cost of transportation from the current location of each non-commodity to the location of the equipment.

5. (Original) The automated method of claim 1 wherein the plurality of sellers also provide to the network a current location of each non-commodity, an available amount of each non-commodity, a period of availability for each non-commodity and a cost of each non-commodity at the current location of each non-commodity.

6. (Original) The automated method of claim 1 wherein the network is the Internet.

7. (Original) The automated method of claim 1 wherein the non-commodity is selected from the group consisting of: coal for use in steam electric equipment for power generation, crude oil for use in refining of gasoline, electronic components for use in engineering circuitry design and paper pulp for use in paper manufacture.

8. (Original) The automated method of claim 1 wherein the buyers also provide the network with a desired source of the non-commodity or provide the network with an indication of no preference as to the source of the non-commodity.

9. (Withdrawn) A system for conducting buy and sell transactions over a network for a non-commodity that can have differing chemical and physical characteristics, comprising:

means for a plurality of sellers to each provide to the network physical and chemical characteristics of a quantity of the non-commodity available for sale and a cost of the available non-commodity, creating a database of the non-commodity materials or items including the different physical and chemical and electrical characteristics for each non-commodity available;

means for a buyer to provide to the network a performance simulation model of a process utilizing equipment currently in operation or intended to be in operation and also utilizing a desired amount of the non-commodity for use in the process, the performance simulation model being able to estimate the production or operating cost and the operating characteristics of the process based on chemical and physical characteristics of a non-commodity used in the process;

means for the buyer to also provide a desired maximum production or operating cost of the process, or a range of desired operating characteristics; and

means for estimating the production or operating cost of the process utilizing at least some of the different non-commodities from the database of

different non-commodities in the performance simulation model to make a comparison of the at least some of the different non-commodities to determine which, if any, of the at least some of the different non-commodities are within the maximum process cost;

means for providing the buyer with a list of non-commodities that when utilized in the process provide for the desired maximum process production or operating cost, or provide for a range in desired operating characteristics.

10. (Withdrawn) The system of claim 9 further comprising means for providing the buyer with a list of non-commodities that when utilized in a process allow for a lowest process production or operating cost, or achieve a desired range of operating characteristics.

11. (Withdrawn) The system of claim 9 further comprising means for determining if blends of different non-commodities from different sellers achieve a lower process production or operating cost or range of desired operating characteristics, than each of the different non-commodities alone, and if so, providing the buyer or at least some of the sellers with a list of which blends of non-commodities achieve the lower process cost or provide certain desired operating characteristics.

12. (Withdrawn) The system of claim 9 further comprising means for the plurality of sellers provide to the network a current location of each non-commodity and means for the buyer to provide to the network a location of the equipment and wherein the estimation of process production or operating cost for

each non-commodity includes an estimated cost of transportation from the current location of each non-commodity to the location of the equipment.

13. (Previously Presented) An automated method for conducting buy and sell transactions for coal over a computer network, comprising:

a plurality of sellers providing to the computer network physical and chemical characteristics of coals available for sale and a cost of each coal, creating a database of different coals;

a buyer providing to the computer network a performance simulation model of a power production process in power generation equipment currently in operation or intended to be in operation and with a desired amount of coal for use in the power production process, the performance simulation model being able to estimate the performance of the power production process based on chemical and physical characteristics of coals, and project operating characteristics in terms of technical risk or uncertainty associated with using different coals;

the buyer also providing a desired maximum power generation cost, and desired operating characteristics of the power production process due to impacts of coal composition; and

estimating the performance of the power production process for at least some of the different coals from the database of different coals in the performance simulation model to make a comparison of the at least some of the different coals to determine which, if any, of the at least some of the different

coals are within the maximum power generation cost and desired range of operating characteristics;

providing the buyer with a list of coals that when utilized in given power production equipment are within the desired maximum power generation cost and operating characteristics due to coal composition impacts.

14. (Original) The automated method of claim 13 further comprising providing the buyer with a list of coals that when utilized for power production with a given set of equipment provide for the lowest power generation cost and desired range of operating characteristics.

15. (Original) The automated method of claim 13 further comprising determining if blends of different coals from different sellers achieve a lower power generation cost than each of the different coals alone, or provide a certain type of operating characteristic; and if so, providing the buyer or at least some of the sellers with a list of which blends of coals achieve the lower power generation cost or provide a certain type of operating characteristic.

16. (Original) The automated method of claim 13 wherein the plurality of sellers provide to the network a current location of each coal and the buyer provides to the network a location of the power generation equipment and wherein the estimation of power generation cost for each coal includes an identification of the least cost transportation method(s), and an estimated cost of transportation from the current location of each coal to the location of the power generation equipment.

17. (Original) The automated method of claim 13 wherein the plurality of sellers also provide to the network a current location of each coal, an available amount of each coal, a period of availability for each coal and a cost of each coal at the current location of each coal.

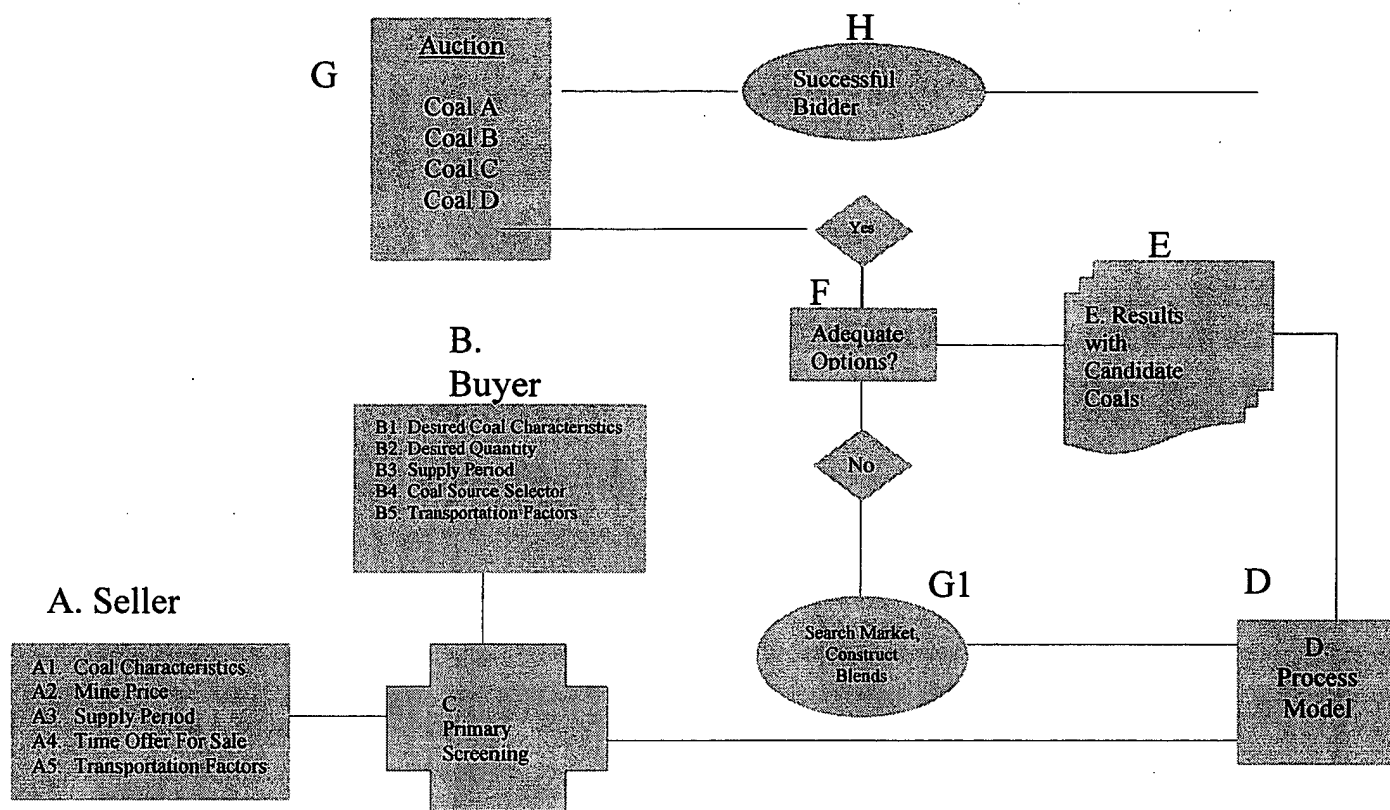
18. (Original) The automated method of claim 13 wherein the network is the Internet and wherein the chemical and physical characteristics of the coal comprise: ash content, volatile matter content, fixed carbon content, moisture content, heating value, sulfur content and ash chemistry.

19. (Original) The automated method of claim 13 wherein the buyers also provide the network with a desired source of coal or provide the network with an indication of no preference as to the source of the coal.

20. (Original) The automated method of claim 13 further comprising utilizing a database describing the operation of the power generation equipment utilizing a coal ultimately selected, and in conjunction with standard datamining techniques defining trends in key operating variables for the coal ultimately selected, and applying an analysis of operating data to refine a request-for-proposal for future purchases of coal.



FIGURE



FIGURE

